

Message Text

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PAGE 01 ABIDJA 01898 250853Z

ACTION EB-08

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AFDF

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SUBJ: AFDF BOARD OF DIRECTORS MEETING

REFS: ABIDJAN 0624, 1447, 1450, 1474, 1475, 1546

1. SUMMARY: AFDF BOARD OF DIRECTORS MET MON FEB 21, APPROVING THREE OF FOUR LOANS CITED REFTELS. BOARD ALSO CONSIDERED AND APPROVED 1977 FINANCING PROGRAM AND ADMINISTRATIVE BUDGET. SPECIAL SESSION OF BOARD SCHEDULED FOR MARCH 4 TO DISCUSS 1976 ANNUAL REPORT OF FUND. NEXT REGULAR SESSION TENTATIVELY SCHEDULED FOR APRIL 4.

2. AFDF BOARD OF DIRECTORS APPROVED THREE LOANS TOTALING 18 MILLION FUA (FUA - \$1.11US). APPROVED LOANS INCLUDE ETHIOPIAN IRRIGATION PROJECT (5 MILLION FUA), TANZANIAN ROAD PROJECT (8 MILLION FUA), AND RWANDAN TEA PLANTATION PROJECT (5 MILLION FUA). FINAL CONSIDERATION OF A FOURTH LOAN, SOMALIAN TEXTBOOK PRINTING PROJECT (1.5 MILLION FUA), WAS DELAYED PENDING PRESENTATION OF ADDITIONAL INFORMATION REQUESTED BY THE GERMAN DIRECTOR. GERMAN DIRECTOR REQUESTED DETAILED DESCRIPTION OF LIMITED OFFICIAL USE

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PAGE 02 ABIDJA 01898 250853Z

NON-EDUCATIONAL MATERIAL CURRENTLY BEING PRODUCED BY SOMALIAN STATE PRINTING AGENCY (SPA). FRG DIRECTOR SUGGESTED THAT SPA PRODUCTION OF NON-EDUCATIONAL MATERIAL MIGHT BE CURTAILED TO ALLOW TOTAL EDUCATIONAL REQUIREMENTS TO BE MET BY EXISTING PRINTING FACILITY. MANAGEMENT'S RESPONSE ASSERTED THAT WHILE SPA NEWSPAPERS AND RELATED MATERIALS MIGHT NOT NECESSARILY BE VIEWED AS EDUCATIONAL MATERIAL IN THE FORMAL SENSE,

THESE ITEMS SUBSTANTIALLY CONTRIBUTE TO BROAD EDUCATIONAL GOALS WITHIN THE COUNTRY. LOAN EXPECTED TO BE CONSIDERED AGAIN AT NEXT REGULAR BOARD MEETING.

3. BOARD CONSIDERED AND APPROVED 1977 FINANCING PROGRAM AND ADMINISTRATIVE BUDGET. JAPANESE DIRECTOR SOUGHT CLARIFICATION AS TO HOW FORMULA FOR ASSESSING FUND 44 PERCENT OF BANK OPERATING EXPENSES WAS ARRIVED AT. THE BUDGET DOCUMENT STATES "THIS IS BASED ON THE NUMBER OF OPERATIONS TO BE PROCESSED BY EACH INSTITUTION DURING 1977." MANAGEMENT'S CLARIFICATION STATED THAT THE PHRASE "OPERATIONS TO BE PROCESSED" REFERRED TO THE NUMBER OF PROJECTS TO BE DEALT WITH BY MANAGEMENT (I.E. ACTIVE PIPELINE INVENTORY) RATHER THAN THE NUMBER OF LOANS TO BE APPROVED BY EACH INSTITUTION.

4. DURING DISCUSSION OF ADMINISTRATIVE BUDGET, JAPANESE DIRECTOR, IN COMMENTING ON LACK OF BUDGET DETAIL, SUGGESTED THAT CERTAIN SOURCE DOCUMENTS DEALING WITH BANK OPERATIONS BE PROVIDED TO THE FUND BOARD. MANAGEMENT'S RESPONSE INDICATES THAT THE AUTONOMY OF THE BANK'S OPERATION VIS-A-VIS THE FUND BOARD IS CLEARLY A SENSITIVE ISSUE. MANAGEMENT QUESTIONED INTENTIONS OF JAPANESE DIRECTOR BUT WENT ON TO STATE THAT MUCH INFORMATION COULD BE PROVIDED ON INFORMAL BASIS. HOWEVER, MANAGEMENT CLEARLY INDICATED THAT BANK DOCUMENTS COULD NOT BE FORMALLY TRANSMITTED TO FUND DIRECTORS.

5. BUDGET ITEM PROVIDING 40 THOUSAND FUA FOR DIRECTORS' PROJECT VISIT TRAVEL EXPENSES WAS DELETED AT REQUEST OF CANADIAN DIRECTOR. MANAGEMENT DID PROVIDE LEGAL OPINION ON LIMITED OFFICIAL USE

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PAGE 03 ABIDJA 01898 250853Z

SUBJECTED AS DESCRIBED REFTEL 1546. OPINION STATED THAT WHILE FUND ARTICLES OF AGREEMENT PRECLUDE PAYMENT OF BOARD MEMBERS' TRAVEL EXPENSES, THE PRESIDENT COULD REQUEST MEMBERS OF BOARD "AS INDIVIDUALS" TO INSPECT PROJECTS, AND IN SUCH INSTANCES, PAYMENT OF EXPENSES BY AFDF WOULD BE PERMISSABLE. IN REQUESTING DELETION OF BUDGET ITEM, CANADIAN DIRECTOR STATED THAT HE PREFERRED AN ALTERNATE METHOD OF MAKING TRAVEL FUNDS AVAILABLE (OSTENSIBLY A REFERENCE TO INTENTION TO SEEK CHARTER REVISION).

6. MANAGEMENT SCHEDULED AN EMERGENCY BOARD MEETING FOR MARCH 4 TO OBTAIN APPROVAL OF 1976 ANNUAL REPORT. DRAFT DOCUMENT IS NOT EXPECTED TO BE AVAILABLE BEFORE DAY PRECEDING THIS SESSION. MANAGEMENT REPORTS THAT QUICK BOARD ACTION IS NECESSARY TO ALLOW SUFFICIENT TIME TO PRINT FINAL VERSION OF REPORT IN TIME FOR DISTRIBUTION AT ANNUAL MEETING.

7. MANAGEMENT REPORTED THAT FUND REVIEW COMMITTEE HAS NOT YET BEEN FORMED. FORMER AFDB PRESIDENT INOUE AND FORMER EGYPTIAN FINANCE MINISTER EL EMARY ARE BOTH UNABLE TO SERVE ON COMMITTEE.

MANAGEMENT IS CONSULTING WITH A NUMBER OF OTHER PROSPECTIVE COMMITTEE MEMBERS. DETAILS WILL BE PROVIDED AS AVAILABL.

8. BOARD FINALIZED APPROVAL OF FRENCH MEMBERSHIP RESOLUTION. TERMS OF ACCESSION AS DESCRIBED REFTEL 0624 TO BE VOTED UPON AT MAURITIUS. TIMING OF ACCESSION AND FRENCH PARTICIPATION IN VOTING CONSTITUENCY ARE AS YET UNCERTAIN.

9. DURING INFORMAL SESSION FOLLOWING CONCLUSION OF BOARD MEETING, PRESIDENT FORDWOR NOTED THAT FUND REPORTED ACCUMULATED NET NET INCOME OF APPROXIMATELY 4 MILLION FUA THROUGH END OF 1976. HE SUGGESTED THAT THESE FUNDS BE USED TO OPEN THIRD WINDOW TO OFFSET AFDB INTEREST RATES. THIRD WINDOW WOULD CHARGE 4 PERCENT INTEREST. (AFDB EFFECTIVE LENDING RATE IS CURRENTLY 8.75PERCENT). FORDWOR SUGGESTED THA THIRD WINDOW MIGHT BE SUBJECT OF DISCUSSIONS AT MAURITIUS MEETING.

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PAGE 04 ABIDJA 01898 250853Z

10. IN OTHER DEVELOPMENTS, FORDWOR IS SCHEDULED TO TRAVEL TO BONN, THE HAGUE, AND OTTAWA IN THE NEAR FUTURE TO DISCUSS POSSIBILITY OF RAISING AFDB CAPITAL. REPORTEDLY, FRG HAS RULED OUT DIRECT LOAN TO AFDB. HOWEVER, AT SUGGESTION OF GERMAN AFDF DIRECTOR, FORDWOR WILL MEET WITH BUNDERSBANK OFFICIALS TO DISCUSS POSSIBILITY OF CENTRAL BANK PURCHASING SPECIAL AFDB BOND ISSUE. CANADIAN GOVT IS REPORTEDLY PREPARED TO MAKE 10 MILLION DOLLARS IMMEDIATELY AVAILABLE. CANADIAN LOAN WOULD BE INTEREST FREE, 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE. LOAN WOULD BE TIED TO CANADIAN PROCUREMENT AND ACTUAL LENDING TO RECIPIENT COUNTRY WOULD BE THROUGH UNDEFINED CANADIAN/AFDB PARALLEL FINANCING SCHEME. CANADIAN PROPOSAL MAY EMERGE AS CIRCUITOUS BILATERIAL LENDING. DETAILS ARE NOT AVAILABLE CONCERNING DUTCH INTENTIONS EXCEPT FOR INDICATIONS THAT SOME ASSISTANCE WILL PROBABLY BE FORTHCONG. STEARNS

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Message Attributes

Automatic Decaptioning: X
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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Enclosure: n/a
Executive Order: N/A
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Subject: AFDF BOARD OF DIRECTORS MEETING
TAGS: EFIN, EAID, XA, AFDB
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Type: TE
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